

February 20, 2010

State Allocation Board
1130 K Street, Suite 400
Sacramento, CA 95814

Subject: February 24, 2010 State Allocation Board Agenda,
Agenda Item 13

Thank you for placing an item on this month's agenda regarding needed improvements to the Proposition 1D High Performance Incentive (HPI) grant program. The Collaborative for High Performance Schools (CHPS) believes that all California schools should be high performance schools and that changes to the HPI regulations are urgently needed to ensure that the remaining Proposition 1D funds and high performance incentives are used effectively to improve student and staff and staff health and student performance now, conserve natural resources thereby reduce operating costs for the next 50 years and beyond, and reducing the environmental footprint of schools. CHPS requests that the State Allocation Board (SAB) direct the Office of Public School Construction (OPSC) to revisit and revise the HPI grant regulations to make three changes:

- 1) supercharge and simplify the incentives for modernization projects;
- 2) use the 2009 California CHPS Criteria (CA-CHPS) as the standard in the regulations; and 3) provide the choice of CHPS Verified third-party reviews, as an alternative to the internal Division of the State Architect (DSA) HPI reviews.

Background

As you know, California voters passed Proposition 1D in November 2006 which authorized \$7.1 billion in state bond funds for K-12 school construction, including \$3.0 billion for new construction projects and \$3.3 billion for modernizations. In addition, \$100 million was earmarked for HPI grants.

The current funding formula for modernizations in the regulations ranges from about 2-10 percent in addition to the base grant depending on how many HPI credits are obtained. The HPI credits are based on previous versions of CA-CHPS.

As of the end of 2009, of the \$3.0 billion for new construction less than \$250 million remains. However, \$1.6 billion of \$3.3 billion for modernization remains. In addition, if all the projects currently in the review pipeline are considered an estimated \$75-80 million of the \$100 million allocated for the HPI grants remains.



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As of November 2009, 118 HPI projects had been reviewed by DSA, including 81 new campuses, 21 additions, 4 major modernizations, and 12 replacements-in-kind. As of December 2009, there were 69 HPI approvals (funded and unfunded) by SAB – all 69 were for new construction and none were modernizations. The first seven HPI modernization projects for SAB approval are on this month's agenda proposed for a total of \$247,000 in HPI incentives.

Three Things SAB can do now:

Direct OPSC staff to review and initiate revisions to the HPI regulations by some time certain to:

1. **Supercharge and simplify the incentives for modernizations** – For example, if a flat \$250,000 incentive per high performance school were used instead of the current formula there are sufficient HPI incentive funds remaining for over 300 high performance modernizations throughout the state. Contrast this to the \$247,000 proposed for the first seven modernization projects proposed for approval at this meeting.

CHPS suggests that two options be offered in the regulations to provide flexibility for different project scopes and district approaches to modernizations:

- **Whole Building approach** – The Whole Building approach is the preferred method to integrated design for larger or more complex projects. Analyzing the performance of the building as a whole improves the district's and designer's ability to optimize the interactive high performance benefits of the various building systems and realize break-through efficiencies. Under CA-CHPS, Major Modernizations must include at least two of four building systems – HVAC, lighting, interior finishes, and envelope.
- **Systems approach** – The Systems approach encourages districts and designers to optimize the performance of the individual systems of a building and achieve incremental efficiencies. The Systems approach is more appropriate for smaller, less complex projects; those whose systems are designed at different times such a minor modernizations; and for projects where consideration of high performance occurs late in the design phase. It would be appropriate to utilize the four building systems for modernizations in CA-CHPS – HVAC, lighting, interior finishes, and envelope plus renewable energy in setting the incentive amounts.

It is essential to set the incentive amounts to be equitable between the Whole Building and Systems approach.

2. **Use 2009 CA-CHPS Criteria as the standard in the regulations** because:
 - a. It is the only green rating system that is designed specifically for school modernizations.
 - b. It has developed a method that integrates health, improved learning and energy savings that persist after construction to save operational dollars.

- c. It was selected under the Green Building Initiative Executive Order (S-20-04) as the guidelines for resource and energy efficiency to which schools are encouraged to be built with state funds.
 - d. It incorporates the recent Title 24 Energy Code changes and other important policy directives important to California including reducing global climate change (Assembly Bill 32) and Grid Neutral Schools.
3. Provide the choice of CHPS Verified third-party reviews, as an alternative to the internal DSA HPI reviews in order to:
 - a. Meet the overwhelming school modernization needs throughout California.
 - b. Speed up DSA review time by freeing up limited DSA staff resources to focus on other aspects of the school approval process.
 - c. Get modernization and HPI funds flowing to stimulate the California economy and create jobs.

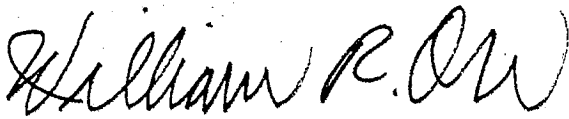
Three Things CHPS can do:

CHPS stands ready to:

1. Review HPI applications from schools in a timely fashion through the CHPS Verified program and depending on the incentive funding scheme/formula in effect at the time determine the HPI score for funding.
2. Provide extensive training and outreach targeting modernizations to school districts and designers. CHPS already has a series of modernization trainings scheduled at utility training centers around the state beginning in March 2010.
3. Revise CA-CHPS, if necessary, to further address modernizations.

CHPS looks forward to working with you to improve the effectiveness of the Proposition 1D HPI grant program as soon as possible. Each non-HPI school project that is approved (funded or unfunded) is a missed opportunity. Please contact me at borr@chps.net or (415) 957-9888 if you have any questions on these comments.

Respectfully,



William R. "Bill" Orr, C.E.G.
Executive Director

cc: Lisa Silverman, Acting Executive Officer, OPSC
Lisa Kaplan, Assistant Executive Officer, OPSC
David Thorman, State Architect
Kathy Hicks, Deputy Director, DSA
CHPS Board of Directors